

Message Text

CONFIDENTIAL

PAGE 01 KUALA 03552 240835Z

50

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

FEAE-00 SAM-01 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05

/089 W

----- 021598

R 240510Z JUN 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 289

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY WELLINGTON

CINCPAC

C O N F I D E N T I A L KUALA LUMPUR 3552

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, MY

SUBJ: PROSPECTS FOR SABAH SECESSION

REF: A) K.L. 3234 B) K.L. 2707

1. SABAH GOVERNMENT OFFICIAL TOLD US JUNE 21 THAT
"SECESSION BATTLE IS NOT OVER," BUT FEDERAL-STATE ISSUES
ARE STILL NEGOTIABLE. OFFICIAL, WHO IS PLANNING EXPERT IN
INDUSTRIAL DEVELOPMENT MINISTRY, SAID THAT MAIN ISSUES ARE
TAX EXEMPT STATUS FOR SABAH FOUNDATION WHICH FEDERAL
GOVERNMENT HAS BEEN RELUCTANT TO RENEW BECAUSE K.L.
BELIEVES MORE TIMBER REVENUES NEED TO BE CHanneled INTO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUALA 03552 240835Z

STATE TREASURY RATHER THAN TO FOUNDATION, APPLICATION TO

SABAH OF INDUSTRIAL COORDINATION ACT (ICA) GIVING FEDERAL GOVERNMENT POWER TO LICENSE AND INTERVENE DIRECTLY IN OPERATIONS OF MANUFACTURING FIRMS, AND STATE GOVERNMENT CONTROL OVER OFFSHORE OIL RESOURCES AND ONSHORE PETROLEUM PROCESSING INDUSTRIES. ON PETROLEUM PROBLEM, OFFICIAL SAID SABAH GOVERNMENT WANTS TO BUILD SMALL REFINERY THAT WOULD PERFORM BASIC CRACKING; ON BASIS OF FEASIBILITY STUDY, SABAH GOVERNMENT KNOWS THAT LIMITED OUTPUT FROM ADJACENT OFFSHORE AREA (WHICH IN FEW YEARS MIGHT REACH 60,000 BARRELS PER DAY ACCORDING TO EXXON SOURCES) WOULD NOT SUPPORT EXTENSIVE REFINING AND PETRO-CHEMICAL INDUSTRY, BUT STATE WOULD BENEFIT BY HAVING READY ACCESS TO PRIMARY REFINERY PRODUCTS SUCH AS ASPHALT.

2. REFERRING TO SEVERAL UNANNOUNCED VISITS OF SABAH CHIEF MINISTER TUN MUSTAPHA TO KUALA LUMPUR IN RECENT WEEKS, SABAH OFFICIAL SAID STATE-FEDERAL NEGOTIATIONS ARE CONTINUING AND THAT SABAH IS LIKELY TO WIN ON ICA AND PETROLEUM ISSUES BECAUSE OF PROVISIONS IN 1963 FEDERATION AGREEMENT STATING THAT FEDERAL LAWS CANNOT AUTOMATICALLY BE APPLIED BUT MUST BE SUBJECT TO NEGOTIATION AND AFFIRMATIVE ACTION BY STATE ASSEMBLY. HE ALSO SAID THAT IF MUSTAPHA LEADS SABAH OUT OF FEDERATION, MOST SABAHANS WOULD SUPPORT HIM, ADDING "WHAT OTHER CHOICE DO WE HAVE?" THIS OFFICIAL, A KADAZAN, ALSO SAID THAT MAJORITY OF TRIBAL GROUPS AND CHINESE WOULD SUPPORT MUSTAPHA DESPITE HIS STRONG ISLAMIC MISSIONARY CAMPAIGN.

3. COMMENT: THERE HAVE ALSO BEEN REPORTS IN PAST FEW WEEKS THAT MUSTAPHA HAS BEEN SUPPORTING ANTI-RAZAK FORCES IN UNITED MALAYS NATIONAL ORGANIZATION (UMNO) WHOSE ANNUAL CONGRESS WAS HELD ON JUNE 20-22. MUSTAPHA REPORTEDLY WAS BACKING FORMER PRIME MINISTER TUNKU ABDUL RAHMAN, SELANGOR CHIEF MINISTER DATUK HARUN IDRIS AND SEVERAL CONSERVATIVE UMNO LEADERS IN ORDER TO WEAKEN RAZAK WITHIN UMNO, A MANEUVER THAT DID NOT SUCCEED. IT IS QUITE POSSIBLE THAT MUSTAPHA'S RECENT VISITS TO KUALA LUMPUR HAVE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUALA 03552 240835Z

BEEN RELATED TO THE UMNO CONGRESS AND HIS SPONSORSHIP OF SPECIAL RELIGIOUS MEETING FEATURING PRIZEFIGHTER MUHAMMAD ALI, AS WELL AS TO CONTINUING FEDERAL-STATE NEGOTIATIONS ON FINANCIAL AND OTHER ISSUES. IN WEIGHING EVIDENCE ON SABAH SECESSION PROSPECTS, EMPHASIS SHOULD BE PLACED ON SABAH INDUSTRIAL DEVELOPMENT OFFICIAL'S COMMENT THAT THE ISSUES ARE STILL NEGOTIABLE.

DILLON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SECESSION, PETROLEUM INDUSTRY, RELIGIOUS LEADERS, TAX CONCESSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUALA03552
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750218-0749
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750622/aaaaatmf.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 3234, 75 2707
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2003 by ShawDG>; APPROVED <09 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROSPECTS FOR SABAH SECESSION
TAGS: PINS, MY, (MUSTAPHA, TUN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006